

FREQUENTLY ASKED QUESTIONS ABOUT THE ST. AMBROSE FINANCIAL SERVICES, INC. AUDIT

The following questions and answers regarding the financial statements have been compiled by the President of St. Ambrose Financial Services, Inc. to assist the reader and provide additional accountability to Catholics in the Diocese of La Crosse.

Q: Why was St. Ambrose Financial Services, Inc. formed and what purpose does it serve in the Diocese of La Crosse?

A: Many years ago the Diocese of La Crosse established a Deposit and Loan Fund to provide a depository for surplus funds from all parishes and institutions of the Diocese. The purpose of the Deposit and Loan Fund was to provide a pool of funds for loan to the parishes and institutions of the Diocese at an interest rate generally lower than can be obtained in the commercial market. In this manner all the people of the Diocese shared equitably the financial rewards and responsibilities of the Diocese. The Deposit and Loan Fund also administered the cooperative insurance programs for the Diocese of La Crosse for all Parishes and institutions.

To better coordinate the provision of administrative and financial services' support to the other organizations of the Diocese of La Crosse, St. Ambrose Financial Services, Inc. was formed as a separate legal corporation with its own Board of Directors as part of the corporate restructuring of the Diocese of La Crosse. This Corporation was formed by law on December 31, 2010.

Service agreements were drawn up and executed between St. Ambrose Financial Services, Inc. and the Diocesan Administrative Offices, the Parishes, and the Unified Catholic School Systems of the Diocese of La Crosse for St. Ambrose Financial Services, Inc. to perform financial and insurance administrative services.

A revolving loan was also established between St. Ambrose Financial Services, Inc. and the Diocese of La Crosse Administrative Offices.

Q: Are these accounts audited?

A: The corporate by-laws require that the accounts of the Organization be audited at least annually by a certified public accountant. St. Ambrose Financial Services, Inc. will undergo an annual audit by an independent public accounting firm. Hawkins Ash CPAs, LLP of La Crosse is currently the auditing firm.

Q: Why are the financial statements presented this way?

A: The format for these financial statements is standard for not-for-profit organizations, including those that accept deposits and make loans.

Q: What does the Statement of Financial Position tell me?

A: The Statement of Financial Position shows what St. Ambrose Financial Services, Inc. "owns" (assets) and what St. Ambrose Financial Services, Inc. "owes" (liabilities) at a specific point in time - in this case, as of June 30, 2014 and 2013.

Q: What does the Statement of Activities tell me?

A: This statement outlines revenue and expenses related to the 12-month period from July 1, 2013, to June 30, 2014 and the 12-month period from July 1, 2012 to June 30, 2013 - that is, where revenue comes from and how it is utilized for the work of the Church in our Diocese during those periods of time.

Q: What are unrestricted net assets?

A: Unrestricted net assets are the end result of St. Ambrose Financial Services, Inc. liquidating all of its unrestricted assets and paying all of its liabilities. This is not cash in the bank. The majority of the net assets represent accumulated investment earnings which have been loaned out to the Parishes, Schools and the Administrative Offices of the Diocese of the La Crosse.

Q: What does the Statement of Cash Flows tell me?

A: This statement shows the sources and uses of cash throughout the fiscal year. It is often referred to as the Statement of Changes in Financial Position.

Q: How does the St. Ambrose Financial Services, Inc. receive funding?

A: Revenue is generated mainly through investment income; interest charged on past-due accounts receivable; loans to Parishes, Schools, and other Diocesan entities; and service fees.

Q: How can I learn more about the finances of St. Ambrose Financial Services, Inc.?

A: Please direct any questions you may have regarding the financial report in writing to the President of St. Ambrose Financial Services, Inc. at P.O. Box 4004, La Crosse, WI 54602-4004; or fax your questions to 608-787-8068. Please include your full name and mailing address in all requests.

If you would like a copy of the audited financial statements for the fiscal year ended June 30, 2014, visit www.stambrosefinancial.com or request a copy by contacting St. Ambrose Financial Services, Inc. directly.